

April 8, 2008

The Honorable John Olver
Chairman
Transportation, HUD Appropriations
Subcommittee
2358 Rayburn House Office Building
Washington, DC 20515

The Honorable Joe Knollenberg
Ranking Member
Transportation, HUD Appropriations
Subcommittee
1016 Longworth House Office Building
Washington, DC 20515

The Honorable John P. Murtha
Chairman
Defense Appropriations Subcommittee
H-149 Capitol
Washington, DC 20515

The Honorable C.W. Bill Young
Ranking Member
Defense Appropriations Subcommittee
1016 Longworth House Office Building
Washington, DC 20515

Dear Chairmen and Ranking Members:

We respectfully ask for your support in appropriating \$60 million in the fiscal year 2009 Transportation, HUD Appropriations Bill, or the fiscal year 2009 Defense Appropriations Bill for the Maritime Administration's Title XI Ship Loan Guarantee Program. Funding for Title XI is vital to ensuring that small and medium sized ship owners have access to affordable financing to build ships in the United States to meet the country's domestic commerce, energy transportation, and military sealift needs.

The financing terms and conditions facilitated by Title XI are comparable to finance rates at commercial banks to which large corporation have access. This financing is especially needed now to facilitate the replacement of the aging Jones Act fleet of more than 100 oceangoing cargo ships serving the coastwise trade of the United States. This fleet averages 22 years of age with many of the ships exceeding 30 years of age. The \$5 million appropriated by Congress in the FY 2008 Consolidated Appropriations Act will help finance up to \$100 million in commercial ship construction. However, the replacement demand of the Jones Act fleet is estimated to exceed \$12 billion. Additional appropriations are needed to ensure the owners of these ships are able to afford to replace their fleets with safe, modern tonnage built in U.S. shipyards.

The \$60 million requested will generate up to \$1.2 billion in ship construction in the United States and serve as a down payment in beginning the process of recapitalizing our Nation's merchant fleet. The ship construction made possible by Title XI will also sustain and create jobs for thousands of highly skilled Americans who are essential in designing and building naval ships. Commercial ship construction also reduces the costs of naval ships as a result of increased volume production in the shipyards and throughout the manufacturing supplier base.

We, collectively and individually, do not have a financial interest in this request, and neither do any of our spouses. Thank you for your consideration of this request.

Sincerely,

Rep. Gene Taylor

Rep. Rob Wittman